



General Assembly

**Substitute Bill No. 155**

February Session, 2012

\* \_\_\_\_SB00155PD\_\_\_\_042512\_\_\_\_ \*

**AN ACT ALLOWING EMPLOYERS TO PAY WAGES USING PAYROLL CARDS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2012*) (a) As used in this  
2 section:

3 (1) "Direct deposit" means the payment of an employee's wages,  
4 salary or other compensation by credit to such employee's account in  
5 any bank which has agreed with the employer to accept such wages,  
6 salary or other compensation;

7 (2) "Payroll card" means a stored value card or other device used by  
8 an employee to access wages from a payroll card account, but does not  
9 mean a gift certificate, as defined in section 3-56a of the general  
10 statutes; and

11 (3) "Payroll card account" means an account that is directly or  
12 indirectly established through an employer and to which transfers of  
13 the employee's wages, salary or other compensation are made and  
14 accessed through the use of a payroll card.

15 (b) An employer may require direct deposit of an employee's wages,  
16 salary or other compensation or the use of a payroll card account to  
17 deliver wages, salary or other compensation to employees, provided:

18       (1) An employee hired before October 1, 2012, consents, in writing  
19 or electronically, to the direct deposit of such employee's wages, salary  
20 or other compensation or the payment of wages, salary or other  
21 compensation using a payroll card account; and

22       (2) An employee hired on or after October 1, 2012:

23       (A) Is given a form that, in clear and conspicuous language, allows  
24 the employee the option of receiving wages, salary or other  
25 compensation by direct deposit to his or her personal account at a  
26 financial institution or to a payroll card account; and

27       (B) Is notified, in clear and conspicuous language, that failure to  
28 return the form provided pursuant to subparagraph (A) of this  
29 subdivision to the employer in time to process the employee's initial  
30 wage, salary or other compensation payment with the information  
31 necessary to implement direct deposit will be considered consent to  
32 receiving wages, salary or other compensation through a payroll card  
33 account.

34       (c) An employee shall be allowed to make at least one withdrawal  
35 or transfer each pay period without charge for any amount deposited  
36 to the payroll card account by the employer up to and including the  
37 full amount of the employee's wages, salary or other compensation for  
38 that pay period.

39       (d) None of the employer's costs associated with paying wages,  
40 salary or other compensation using a payroll card or establishing the  
41 payroll card account shall be deducted from or charged against the  
42 wages, salary or other compensation delivered to the employee.

43       (1) Neither the employer nor the card issuer shall charge the  
44 employee fees for (A) issuing a payroll card, (B) transferring wages,  
45 salary or other compensation onto the payroll card, (C) providing one  
46 replacement card per year, if needed, during the employee's  
47 employment with the employer and for sixty days after the  
48 termination of such employment with the employer, or (D) any

49 inactivity or dormancy of the payroll card account.

50 (2) A payroll card may bear an expiration date, provided (A) the  
51 funds on the card do not expire, and (B) prior to the expiration date,  
52 the employee is provided with a replacement card, without charge,  
53 during the employee's employment with the employer and for sixty  
54 days after the termination of such employment with the employer.

55 (e) The payroll card account may escheat pursuant to section 3-57a  
56 of the general statutes.

57 (f) An employer shall provide the employee a means of checking his  
58 or her account balances in the payroll account through an automated  
59 telephone system and electronically without cost to the employee.

60 (g) Prior to obtaining consent from the employee under subdivision  
61 (1) of subsection (b) of this section, or, for an employee hired on or  
62 after October 1, 2012, prior to an employer requiring the use of payroll  
63 card accounts to deliver wages, salary or other compensation to the  
64 employee, the employer shall provide the employee with clear and  
65 conspicuous notice, in writing, and in the language the employer  
66 normally uses to communicate employment-related policies to his or  
67 her employees, of the following items:

68 (1) The terms and conditions relating to the use of the payroll card,  
69 including a list of fees that may be assessed by the card issuer;

70 (2) The methods available to the employee for accessing his or her  
71 full wages, salaries or other compensation in lawful money of the  
72 United States of America without any transaction fee to the employee  
73 for such access;

74 (3) The methods available to the employee for checking his or her  
75 balances in the payroll card account without cost;

76 (4) A statement as to whether third parties may assess additional  
77 fees; and

78       (5) The means, other than a payroll card account, by which an  
79 employee is entitled to receive payment of wages, salary or other  
80 compensation.

81       (h) Neither the payroll card nor the payroll card account shall be  
82 linked to any form of credit. No fees or interest may be imposed upon  
83 the employee for an overdraft or a declined transaction.

84       (i) The employer shall furnish the employee with a statement of  
85 deductions made from his or her wages, salary or other compensation  
86 for each pay period in accordance with section 31-13a of the general  
87 statutes, as amended by this act.

88       (j) Each employee with a payroll card account shall be permitted, on  
89 timely notice to the employer and without cost, reprisal,  
90 discrimination or other penalty, to receive his or her wages, salary or  
91 other compensation by direct deposit into a personal account at a  
92 financial institution. The employer shall begin payment by direct  
93 deposit not later than fourteen days after receiving both the  
94 employee's request and the account information necessary to make the  
95 deposit.

96       (k) Each employee with a payroll card shall be provided with access  
97 to the terms and conditions relating to the use of the payroll card,  
98 including the current schedule of fees. This requirement may be  
99 satisfied (1) by posting such terms and conditions clearly and  
100 conspicuously on a web site accessible to the employee at any time,  
101 and (2) upon the employee's request, (A) by providing electronic notice  
102 to the employee to the address at which the employer regularly  
103 communicates other types of employment information to the  
104 employee, (B) by mailing notice to the employee at his or her last-  
105 known mailing address, (C) by distributing the notice directly to the  
106 employee in the employer's place of business, or (D) through other  
107 means used by the employer to distribute employment-related  
108 information and notices individually to employees.

109       (l) Each employee with a payroll card shall be provided written

110 notice of any change in a term or condition required to be disclosed, at  
111 least twenty-one days before the effective date of such change, if such  
112 change would result in: (1) Increased fees for the employee, (2)  
113 increased liability for the employee, (3) fewer types of available  
114 electronic fund transfers, or (4) any stricter limitation on the frequency  
115 or dollar amount of transfers, except that such notice is not required if  
116 an immediate change in terms or conditions is necessary to maintain or  
117 restore the security of the payroll card, the payroll card account or an  
118 electronic fund transfer system. If such change is made permanent and  
119 disclosure would not jeopardize the security of such card, account or  
120 system, the employee shall be notified, in writing or electronically,  
121 within thirty days after making the change permanent.

122 (m) Each employee with a payroll card shall have access to a history  
123 of his or her payroll account transactions that covers at least the sixty  
124 days prior to the date the employee accesses such history. The  
125 employer shall provide each employee with either (1) a confidential  
126 means of accessing such information electronically, along with the  
127 ability to print the transaction history without cost, or (2) a means for  
128 the employee to receive a written transaction history once a month  
129 from the card issuer without cost.

130 (n) Wages, salary or other compensation paid to an employee using  
131 a payroll card shall be maintained in an account that is insured by the  
132 Federal Deposit Insurance Corporation or the National Credit Union  
133 Administration on a pass-through basis to the employee.

134 (o) A payroll card account that is used to receive only employee  
135 wages, salary or other compensation shall be exempt from execution  
136 under section 52-367b of the general statutes in accordance with  
137 subsection (f) of section 52-361a of the general statutes.

138 (p) All notices required by this section shall be clear and  
139 conspicuous.

140 (q) Nothing in this section shall be construed to preempt or override  
141 the terms of any collective bargaining agreement with respect to

142 methods of an employer's payment of wages, salary or other  
143 compensation due to employees.

144 (r) Nothing in this section shall be construed to restrict the fees that  
145 a payroll card issuer may charge the employer pursuant to a payroll  
146 card agreement between the payroll card issuer and the employer,  
147 provided those fees are not charged to or passed onto any employee.

148 (s) The Labor Commissioner may adopt regulations, in accordance  
149 with the provisions of chapter 54 of the general statutes, to ensure  
150 compliance with this section.

151 Sec. 2. Subsection (a) of section 31-71b of the 2012 supplement to the  
152 general statutes is repealed and the following is substituted in lieu  
153 thereof (*Effective October 1, 2012*):

154 (a) (1) Except as provided in subdivision (2) of this subsection, each  
155 employer, or the agent or representative of an employer, shall pay  
156 weekly all [moneys] wages, salary or other compensation due each  
157 employee on a regular pay day, designated in advance by the  
158 employer [, in] using one or more of the following methods: (A) In  
159 cash, (B) by negotiable checks, or [, upon an employee's written  
160 request, by credit to such employee's account in any bank that has  
161 agreed with the employer to accept such wage deposits] (C) by direct  
162 deposit or on a payroll card, provided the requirements of section 1 of  
163 this act are satisfied.

164 (2) Unless otherwise requested by the recipient, the Comptroller  
165 shall, as soon as is practicable, pay all wages due each state employee,  
166 as defined in section 5-196, by electronic direct deposit to such  
167 employee's account in any bank, Connecticut credit union or federal  
168 credit union that has agreed with the Comptroller to accept such wage  
169 deposits.

170 Sec. 3. Section 31-13a of the general statutes is repealed and the  
171 following is substituted in lieu thereof (*Effective October 1, 2012*):

172     (a) With each wage payment each employer shall furnish to each  
 173     employee, in writing or electronically, a record of hours worked, the  
 174     gross earnings showing straight time and overtime as separate entries,  
 175     itemized deductions and net earnings, except that the furnishing of a  
 176     record of hours worked and the separation of straight time and  
 177     overtime earnings shall not apply in the case of any employee with  
 178     respect to whom the employer is specifically exempt from the keeping  
 179     of time records and the payment of overtime under the Connecticut  
 180     Minimum Wage Act or the Fair Labor Standards Act.

181     (b) If the record of hours is furnished electronically pursuant to  
 182     subsection (a) of this section, the employer shall provide a means for  
 183     each employee to access and print the information without cost to the  
 184     employee. Any information contained in the record furnished  
 185     electronically pursuant to subsection (a) of this section shall  
 186     incorporate safeguards to ensure the confidentiality of an employee's  
 187     personal information.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2012	New section
Sec. 2	October 1, 2012	31-71b(a)
Sec. 3	October 1, 2012	31-13a

**LAB**       *Joint Favorable Subst.-LCO*

**BA**         *Joint Favorable*

**PD**         *Joint Favorable*